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CURRENT SUPPORT MEMORANDUM

SOVIET ORDERS ON EAST GERMAN ELECTROTECHNICAL
PLANTS SHARPLY CURTAILED IN 1955

OFFICE OF RESEARCH AND REPORTS
CENTRAL INTELLIGENCE AGENCY

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of Research and Reports. Comments are solicited.

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Commencing apparently about March and April 1955, the USSR cancelled orders or failed to place new orders for a number of important transactions in the electronics field. As a result, several of the major East German plants experienced employment cuts and financial difficulties. Although this action may be of a temporary nature, there is no indication to date of any significant reordering in 1956.

During 1955, Werk WF, Berlin/Oberschoeneweide, the principal East German electron tube factory, experienced severe curtailment in the production of tubes for Soviet use. Although the plant management had anticipated continuing expansion during 1955 and 1956, plant operations were cut back in 1955. Plant shipments totalled 75 million DME in 1954, was approximately 18 million DME for the first quarter of 1955, but was reduced to 14.6 million DME for the second quarter, and reached 4.45 million DME for August 1955. 1/ Between January and September 1955, employment dropped from over 8,000 to less than 5,000. 2/

During a conference with Minister Rau on 16 March 1955, it was stated that the sales situation had become critical, because the USSR had not placed new orders, and domestic orders were rather small. 3/ In June 1955, a firm Soviet contract for 12-inch TV tubes was reduced by 38,000. 4/ During August 1955, the Werk WF was to discontinue producing nearly all types of standard six-volt receiving tubes--used primarily in equipment produced in East Germany for the USSR. 5/

Although the 1956 production plan at the Werk WF is about 20 percent above the August 1955 level, there is no indication to date of any reinstatement of Soviet orders. Without these, it is probable that Werk WF will find it difficult to secure adequate markets needed to support its production.

At the Sachsenwerk Radeberg, one of the largest East German electronic apparatus plants, Soviet orders were sharply reduced in 1955 for both civilian television receivers and ultra-high-frequency radio relay equipment. 6/ The increasing East German domestic requirement for these products has been insufficient to fill the gap, and employment was cut back at Sachsenwerk Radeberg. 7/

In the field of heavy electrical machinery, no major cut-back in Soviet orders has been noted, with the exception of transformers and switches at the TRO-Dresden and TRO-Berlin plants. 8/ Large-scale lay-offs and personnel displacement occurred as a result. In the case of transformers, some new Soviet orders were reported early in 1956. 9/

This situation is inconsistent with the overall Soviet Bloc status of electronics, as indicated by the following:

- a. An estimated three-fold expansion of the electronics industry in the USSR between 1955 and 1960.

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- b. A major facility expansion for Poland, largely realized during 1955.
- c. Installation of much of the China electronics expansion in 1955.
- d. The reported trend towards closer industrial and technical cooperation between the Satellites.

Analyst:

- 1. Air, A-3043-55, 26 Jan 55, info 21 Jan 55, S
Air, A-3113-55, 7 Mar 55, info 25 Feb 55, S
Air, A-3288-55, 31 May 55, info May 55, S
Air, A-3504-55, 20 Sep 55, info Aug 55, S
- 2. CIA. CS, 31 Aug 55, info mid-June, S/\n
Air, A-3312-55, 23 Jun 55, info 10 Jun 55, S
- 3. CIA. CS, 16 Sep 55, info 16 Mar 55, S/\n
- 4. CIA. CS, 26 Jul 55, info 1 Jun 55, S/\n
- 5. CIA. CS, 31 Aug 55, info Jul 55, S/
- 6. CIA. CS, 16 Sep 55, info Apr 55, S/
CIA. CS, 14 Dec 55, info Apr 55, S/
- 7. CIA. CS, 14 Sep 55, info Jul 55, S/
- 8. CIA. CS, 22 Nov 55, S/NO CORN
CIA. CS, 8 Nov 55, S/\n
CIA. CS, 14 Oct 55, S/
- 9. CIA. CS, 12 Mar 56, S/\n
CIA. CS, 16 Feb 56, S/

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